

CITY OF LAS VEGAS



DEBT MANAGEMENT POLICY AS OF JUNE 30, 2008



CITY OF LAS VEGAS

DEBT MANAGEMENT POLICY June 30, 2008

CITY COUNCIL

Oscar B. Goodman, Mayor

Gary Reese, Mayor Pro-Tem

Larry Brown

Steve Wolfson

Lois Tarkanian

Steven D. Ross

Ricki Y. Barlow

CITY OFFICIALS

Douglas A. Selby, City Manager

Elizabeth N. Fretwell, Deputy City Manager

Steven P. Houchens, Deputy City Manager

Orlando L. Sanchez, Deputy City Manager

Mark R. Vincent, Finance Director

Candace L. Falder, Deputy Finance Director



EXECUTIVE SUMMARY

The Citizens' Priority Advisory Committee (CPAC) approved this format of the City of Las Vegas Debt Management Policy in FY 2001. State statutes require the City to annually update and submit the Debt Management Policy to the City Clerk, the Clerk of the Debt Management Commission and the State Department of Taxation.

The Debt Management Policy (the "Policy") is comprised of ***Debt Capacity Analysis*** and ***Debt Issuance Policy***. The Policy serves as a guide for determining the City's use of debt financing as a funding alternative for capital projects and establishes guidelines for the issuance of debt.

Debt Capacity Analysis - The Debt Capacity Analysis reviews the City's existing and proposed indebtedness to assess the City's ability to repay the existing and proposed indebtedness. To secure an accurate picture of the full debt for which City taxpayers are responsible, the City utilizes a Net Tax Supported Debt calculation. This calculation includes three debt capacity measurements (Gross Direct Debt, Net Direct Debt and Overall Net Debt), which are defined in the section entitled "Definition of Net Tax Supported Debt." The overall net debt within the City (which represents a total measurement of debt burden on the tax base) is \$317,928,400. A strong debt capacity position allows the City to maintain debt obligations with the highest credit quality.

Debt Issuance Policy - The Debt Issuance Policy establishes guidelines for the issuance of debt. The Department of Finance is the initial coordinator of all bond issue requests. The Debt Issuance Policy identifies the types of financings allowed, optimal terms and permitted use of financing methods. The Debt Issuance Policy is a useful tool for the effective coordination of City debt financing.

Debt Limitations - State statutes limit the volume of indebtedness allowed and the City has consistently complied with all statutory debt limitations. The City's unused statutory debt capacity is \$4,844,228,386 or approximately 94% of total statutory debt capacity. A discussion of legal debt limitations is included in the section entitled "Statutory Debt Capacity."

Credit Rating - Credit ratings indicate to potential buyers whether a governmental entity is considered a good credit risk. Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. Moody's Investors Service, Standard & Poor's and Fitch are three of the principal rating agencies for municipal debt. The City's General Obligation bond ratings are Aa2, by Moody's Investors Service, AA, by Standard & Poor's, and AA, by Fitch Ratings.

Amended SEC Rule 15c2-12 - The City revised the Policy to comply with Amended SEC Rule 15c2-12 (the "Rule") by providing secondary market disclosure for all long-term debt obligations that are subject to the Rule. The City supplies annual financial information to all nationally recognized municipal securities repositories pursuant to the Rule. A description of the City's policy for compliance is included in the Debt Issuance Policy.

The City will continue to be proactive in planning for the capital improvement and infrastructure needs of its dynamic community. Conformance with the guidelines summarized herein will ensure the City's ability to retain its positive long-term debt rate, thereby providing public services that meet the demanding needs of an expanding population base.



**Summary of Financial Events
FY 08**

On 7/17/07 the City issued \$320,000 Special Improvement District Bonds for SID 1490 –Tenaya Way, Series 2007.

On 9/13/07 the City issued \$22,820,000 Special Improvement District Bonds for SID 808 –The Summerlin Area Villages 20 & 23A, Series 2007A Senior Bonds and \$2,415,000 Series 2007B Subordinated Bonds.

On 9/13/07 the City issued \$23,625,000 Special Improvement District Bonds for SID 808 & 810 – Summerlin Village 23B, Series 2007.

On 11/01/07 the City issued \$22,500,000 General Obligation (Limited Tax) Various Purpose Medium-Term Bonds, Series 2007 and \$17,155,000 Sewer Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2007.

In summary, the City's net change in debt is a decrease of \$7,898,367 during FY08. This decrease was a result of bonds maturing and the issuance of refunding bonds. The City made debt service principal payments in the amount of \$47,873,366.



TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	
DEBT CAPACITY ANALYSIS	1
General Policy Statement	1
Calculation of Net Tax-Supported Debt	5
Tax Supported Debt Burden	6
General Obligation Debt Comparison	7
Resources Available for Future Debt Issuance	7
Economic and Demographic Growth	10
No Outstanding Property Tax Supported Debt	10
City of Las Vegas Property Tax Rate	10
Consolidated Tax backed debt.....	11
Sewer Revenue backed debt	12
City Debt Service and Reserve Funds	13
Possible Future City Capital Projects	13
Statutory Debt Capacity	15
City Debt Trends	17
Preliminary Summary and Conclusion	17
Summary of Debt Capacity Analysis Policies	17
DEBT ISSUANCE POLICY	
Administration of Policy	18
Initial Review and Communication of Intent.....	18
Debt Management Commission.....	18
Types of Debt	18
Debt Structuring	21
Secondary Market Disclosure	22
Method of Sale	22
Underwriter Selection for Negotiated Sale	23
Underwriting Spread	24
Establishment of a Selling Group	24
Priority of Orders	24
Retentions	24
Allocation of Bonds	24
Miscellaneous	25
Summary of Debt Issuance Policies	25
Five-Year Operating Tax Rate Forecast	26
Procedures for Debt Issuance Timetables.....	27
DEVELOPER SPECIAL IMPROVEMENT DISTRICT GUIDELINES	31
ECONOMIC DEVELOPMENT REVENUE BOND POLICY & GUIDELINES	37



TABLES

	<u>Page</u>
Direct Net Debt	2
Composition of Gross Direct Debt	3
Indirect Net Tax Debt	4
Tax-supported Debt Position	5
Existing Net Tax Supported Debt Burden	6
Debt Ratio Comparisons	7
Total Outstanding General Obligation Debt	8
Direct Net Debt	9
Six-year Record of Assessed Valuation	10
Consolidated Tax-Supported Bonds	11
Enterprise Fund/Sewer Bonds	12
Debt Service Reserves	13
Possible City Capital Projects Requiring Long-term Financing	13
Proposed Performing Arts Center Bonds	14
Historical Statutory Debt Capacity	15
Historical and Projected Net Direct Tax Supported Debt Trends	17
Five-Year Operating Tax Rate Forecast	26



DEBT CAPACITY ANALYSIS

General Policy Statement

The purpose of the City Debt Capacity Analysis is to manage the volume of City debt obligations and maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment that are beneficial to the City and necessary for essential services.

Analysis of the City's debt position is important, as growth in the City has resulted in an increased need for capital financing. The Debt Capacity Analysis is premised on the idea that resources, as well as needs, should drive the City's debt issuance program. Proposed long-term financings are linked with the economic, demographic and financial resources expected to be available to pay for that debt. The primary emphasis of the analysis is the impact of the City's projected capital financing requirements on the credit quality of its debt obligations. The City strives to ensure that, as it issues further debt, its credit quality and market access will not be impaired. However, overemphasis on debt ratios is avoided because they are but one of many factors which influence bond ratings. Long-term financing is used only after considering alternative funding sources, such as project revenues, Federal and State grants and special assessments.

Debt Capacity Guidelines

- The City's Direct Net Tax-Supported Debt shall be maintained at a level considered manageable by the rating agencies based upon current economic conditions including, among others, population, per capita income and assessed valuation.
- The Department of Finance shall structure all long-term debt with prepayment options except when alternative structures are more advantageous to the City. The City will consider prepaying or defeasing portions of outstanding debt when available resources are identified.
- For bonds repaid solely with property taxes, the Department of Finance will strive for a debt service fund balance in an amount not less than the succeeding year's principal and interest requirements. The reserve fund requirements for other bond issues will be set forth in their respective bond covenants.
- The City will install a mechanism whereby as Consolidated Tax backed debt service reaches 90% of the state mandated threshold of 15% of Consolidated Taxes, additional reviews and restrictions are instituted.
- Before approval is obtained for any new debt issuance, an amended Capital Improvement Plan must be created and approved.
- The Department of Finance shall update the City's Debt Capacity Analysis annually.

**CITY OF LAS VEGAS DEBT MANAGEMENT POLICY****JUNE 30, 2008****DIRECT NET DEBT
As of June 30, 2008**

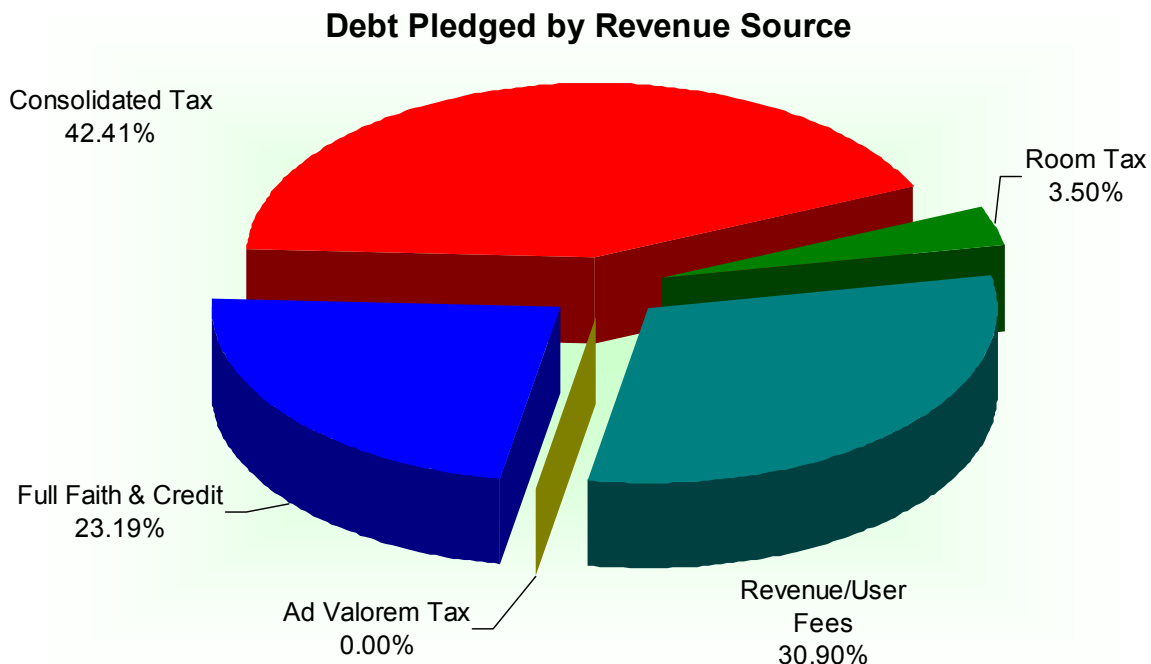
DIRECT NET TAX SUPPORTED DEBT	Issue Date	Original Amount	Outstanding Amount	Retirement Date
<i>Ad Valorem Tax / Debt Rate ¹:</i>				
None				
<i>General Fund / Full Faith & Credit ²:</i>				
Medium Term Park Bonds	08/15/1999	25,000,000	8,335,000	08/01/2009
Parking Garage Medium Term Bonds	06/01/2000	7,500,000	1,945,000	06/01/2010
Building Medium Term Bonds	11/01/2000	8,000,000	2,905,000	08/01/2010
Public Safety Medium Term Bonds (tax override)	04/01/2001	22,500,000	8,840,000	10/01/2011
Park/Recreation Bonds	12/09/2003	20,000,000	12,765,000	01/01/2014
Park/Recreation Bonds	10/01/2004	20,000,000	14,545,000	10/01/2014
Medium Term Various Purpose Bonds	11/01/2007	22,500,000	<u>22,500,000</u>	11/01/2017
		Subtotal:	71,835,000	
<i>General Fund / Consolidated Tax / Ad Valorem ³:</i>				
Redevelopment Project Bonds, Series A	11/01/1998	17,000,000	6,745,000	05/01/2012
Parking Bonds	10/01/1999	10,000,000	500,000	06/01/2009
Parking Bonds (City Hall Expansion/Atrium)	12/01/2002	25,000,000	2,730,000	12/01/2012
Various Purpose Refunding, Series B	07/01/2005	21,295,000	21,295,000	06/01/2019
Taxable Various Purpose, Series A	05/31/2006	18,000,000	17,330,000	05/01/2024
Tax-Exempt Various Purpose, Series B	05/31/2006	50,745,000	50,745,000	05/01/2036
Various Purpose (VRDB), Series C	08/22/2006	32,000,000	<u>32,000,000</u>	06/01/2036
			131,345,000	
<i>Room Tax / Ad Valorem ³:</i>				
Fremont Street Refunding Bonds	12/01/2002	12,535,000	9,035,000	07/01/2015
Transportation Improvement Refunding Bonds, Series D	12/01/2002	5,100,000	<u>1,790,000</u>	07/01/2009
		Subtotal:	10,825,000	
<i>Enterprise Funds / Ad Valorem ³:</i>				
Sewer Refunding Bonds	01/01/1997	35,680,000	3,775,000	10/01/2012
Sewer Bonds 97A Bonds	11/01/1997	35,000,000	1,715,000	10/01/2008
Sewer & Flood Control Bonds	04/01/2001	55,000,000	6,605,000	04/01/2011
Sewer Refunding Bonds	12/04/2002	18,675,000	3,485,000	01/01/2009
Sewer Refunding Bonds Refunding 97A	09/01/2004	21,050,000	21,050,000	11/01/2017
Sewer Refunding Bonds Refunding 2001	03/15/2006	31,920,000	31,920,000	04/01/2021
Sewer Refunding Bonds Refunding 1997	11/01/2007	17,155,000	<u>17,155,000</u>	10/01/2012
		Subtotal:	85,705,000	
Golf Course Bonds	11/01/2001	12,000,000	<u>10,015,000</u>	12/01/2021
		Subtotal:	10,015,000	
DIRECT NET TAX SUPPORTED DEBT:			<u>\$309,725,000</u>	
<i>Assessment Districts / Ad Valorem ⁴:</i>				
Total Outstanding Assessment Bonds	Various		<u>8,203,400</u>	Various
		Subtotal:	8,203,400	
TOTAL DIRECT NET TAX SUPPORTED DEBT:			<u>\$317,928,400</u>	



- 1 Supported by a dedicated, ad valorem tax.
- 2 Supported by the full faith and credit of the City; Ad Valorem is a secondary pledge.
- 3 General Obligation bonds additionally secured by pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference: between such revenues and debt service requirements of the respective bonds.
- 4 Secured by assessments against property improved, the City's General Fund and taxing power are contingently liable if collections of assessments are insufficient. There are currently assessment district bond issues outstanding with various retirement dates extending to June 1, 2027.

SOURCE: City of Las Vegas, Nevada - Department of Finance and Business Services

**COMPOSITION OF OUTSTANDING GROSS DIRECT DEBT
By Debt Pledged Revenue Source
As of June 30, 2008**





The following table illustrates the City's Indirect Net Tax Debt:

**INDIRECT NET TAX DEBT
As of June 30, 2008**

	Overlapping Total General Obligation Indebtedness	Presently Self-Supporting General Obligation Indebtedness	Percent Applicable ^{1/}	Net General Obligation Indebtedness ^{2/}
Clark County	\$ 2,551,232,797	2,454,965,000	22.33%	\$ 21,496,599
Clark County School District	5,006,995,500	958,650,000	22.33%	904,133,937
Las Vegas Valley Water District	1,716,870,000	1,716,870,000	22.52%	0
LV - Clark County Library District	22,750,000	0	29.18%	6,638,855
State of Nevada	2,406,035,000	746,890,000	17.41%	288,871,494
TOTAL				\$ 1,221,140,885

1/ Based on a ratio of 2009 assessed valuation in the respective jurisdiction.

2/ Applicable Net Overlapping General Obligation Indebtedness equals total existing general obligation indebtedness less self-supporting general obligation indebtedness times percent applicable.

SOURCE: Compiled by NSB Public Finance

**Calculation of Net Tax-Supported Debt**

Shown below is a record of City of Las Vegas tax-supported debt position.

**TAX-SUPPORTED DEBT POSITION
As of June 30, 2008**

Fiscal Year Ended June 30	Gross Direct Debt ^{1/}	Less: Self-Supporting Debt	Direct Net Tax Debt ^{2/}	Indirect Net Tax Debt ^{3/}	Overall Net Tax Debt ^{4/}
1995	\$156,295,000	\$137,140,000	\$19,155,000	\$392,456,684	\$411,611,684
1996	157,995,000	141,215,000	16,780,000	484,364,260	501,144,260
1997	172,090,000	136,845,000	35,245,000	628,861,326	664,106,326
1998	203,030,000	173,820,000	29,210,000	629,235,415	658,445,415
1999	227,340,000	194,650,000	32,690,000	662,639,672	695,329,672
2000	244,915,000	191,985,000	52,930,000	659,909,785	712,839,785
2001	313,590,000	234,375,000	79,215,000	637,384,072	716,599,072
2002	305,680,000	231,415,000	74,265,000	744,595,778	818,860,778
2003	307,765,000	240,050,000	67,715,000	406,932,338	474,647,338
2004	304,339,052	223,370,000	80,969,052	776,909,744	857,878,796
2005	296,363,285	206,655,000	89,708,285	897,904,588	987,612,873
2006	314,450,358	238,705,000	75,745,358	956,345,572	1,032,090,930
2007	317,239,967	255,085,000	62,154,967	980,790,718	1,042,945,685
2008	309,725,000	237,890,000	71,835,000	1,221,140,885	1,292,975,885

1/ Includes all City tax supported debt in addition to all self-supporting debt. See the table entitled "DIRECT NET DEBT".

2/ Reflects the Total Direct Debt less the Self-Supporting Debt. See the table entitled "DIRECT NET DEBT".

3/ Includes the indebtedness of all entities whose boundaries overlap the City's. See the table entitled "INDIRECT NET TAX DEBT".

4/ Includes Direct Net Tax Debt and Indirect Net Tax Debt.

SOURCE: City of Las Vegas, Nevada – Department of Finance and Business Services

**Tax Supported Debt Burden**

The following table shows the Direct Net Debt and Overall Net Debt ratios for the City.

**EXISTING NET TAX SUPPORTED DEBT BURDEN
As of June 30, 2008**City of Las Vegas, Nevada Debt Position:

Gross Direct Debt:	\$ 309,725,000
Less: Self-Supporting Debt:	<u>237,890,000</u>
Direct Net Debt:	71,835,000
Indirect (Overlapping) Net Debt:	<u>1,221,140,885</u>
Overall Net Debt:	\$1,292,975,885

City of Las Vegas, Nevada Debt Ratios:

Direct Net Debt % of Assessed Value:	0.29%
Direct Net Debt Per Capita:	\$121.69
Overall Net Debt % of Assessed Value:	5.25%
Overall Net Debt Per Capita:	\$2,190.29

Gross Direct Debt Retirement

42% of principal and interest will be repaid within 5 years.

69% of principal and interest will be repaid within 10 years.

Based upon FY 2008 Assessed Value - \$24,649,348,111

Source: Nevada Department of Taxation

July 1, 2007 Population: 590,321

Source: State of Nevada Demographer

In addition to showing the relative position of the City, these ratios indicate the significant impact of overlapping debt (See the "INDIRECT NET TAX DEBT") on the City's overall debt position. As can be seen in the calculation of overlapping debt shown earlier, overlapping jurisdictions include the school district, the State of Nevada, Clark County and other jurisdictions over which the City has little control. Nonetheless, the debt issuance of these governments directly impacts the overall net direct tax-supported debt position of the City.



General Obligation Debt Comparison

A comparison of the voter approved general obligation debt that is payable from ad valorem taxes is shown below. Also shown is a comparison of the voter approved general obligation debt per capita as compared with the average for such debt of other municipalities, as well as an illustration of debt that is payable from ad valorem taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality.

DEBT RATIO COMPAISONS As of June 30, 2008

Municipality	Total General Obligation Debt	Estimated Fiscal Year 2007 Population ^{2/}	Fiscal Year 2009 Assessed Value ^{3/}	General Obligation Debt Per Capita	GO as a % of Assessed Value
Las Vegas	\$ 309,725,000	590,321	\$24,992,555,583	\$524.67	1.24%
North Las Vegas	366,039,000	210,474	9,132,667,067	1,739.31	4.01
Clark County	2,567,681,338	1,954,319	111,906,539,236	1,313.85	2.29
CC School District	5,006,995,500	1,954,319	111,906,539,236	2,562.02	4.47
Henderson	364,480,411	260,161	16,308,288,716	1,400.98	2.23
Carson City	127,584,322	57,723	1,843,246,997	2,210.29	6.92
Reno	122,346,283	220,613	7,807,016,641	554.57	1.57

1/ Outstanding as of June 30, 2008; does not include proposed bonds, revenue bonds, lease/purchase agreements or Special Assessment bonds.

2/ Source: State of Nevada Demographer, figures effective July 1.

3/ Source: Nevada Department of Taxation (excluding Redevelopment Agencies).

SOURCE: Compiled by NSB Public Finance

Resources Available for Future Debt Issuance

The City's ability to meet its future debt obligations will primarily depend on financial and other economic resources available at that time. This analysis assumes a continuation of the current situation, particularly as to the City's tax structure and economic composition.

Available Revenue / Call Features - The City's long-term debt is sold with a prepayment option. When available revenues are identified, the Department of Finance should consider prepaying or defeasing portions of its outstanding debt.

Debt Retirements - One source from which the City can obtain debt capacity is through retirement of currently outstanding debt; that is, the scheduled repayment of existing obligations. As the City retires debt this amount becomes available as a resource for new debt issuance without adding to the City's existing debt position. The table on the following page illustrates the annual bond payments on the City's direct net tax-supported debt.

Growth in revenue dedicated to the repayment of bonds - As the City continues to experience growth in revenues used for the repayment of bonds, the available revenues may be utilized to support additional issuances of bonds in the future.



TOTAL OUTSTANDING GENERAL OBLIGATION DEBT

Debt Service Requirements

As of June 30, 2008

Fiscal Year Ended June 30	Outstanding General Obligation Bonds		General Obligation Revenue Bonds		General Obligation Medium-Term Bonds		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2009	0	0	\$ 16,710,000	\$ 11,111,260	\$ 14,300,000	\$ 2,714,703	\$ 44,835,963
2010	0	0	14,250,000	10,317,319	15,280,000	2,078,204	41,925,523
2011	0	0	14,585,000	9,700,594	10,185,000	1,498,542	35,969,136
2012	0	0	15,380,000	9,033,011	6,315,000	1,118,899	31,846,910
2013	0	0	16,085,000	8,347,804	6,545,000	885,793	31,863,596
2014	0	0	12,620,000	7,743,673	6,820,000	634,040	27,817,713
2015	0	0	13,250,000	7,162,971	4,670,000	408,900	25,491,871
2016	0	0	13,900,000	6,522,263	2,470,000	266,100	23,158,363
2017	0	0	13,110,000	5,884,083	2,570,000	165,300	21,729,383
2018	0	0	13,755,000	5,248,366	2,680,000	56,950	21,740,316
2019	0	0	8,875,000	4,634,524	0	0	13,509,524
2020	0	0	8,380,000	4,219,565	0	0	12,599,565
2021	0	0	8,790,000	3,819,359	0	0	12,609,359
2022	0	0	5,185,000	3,399,095	0	0	8,584,095
2023	0	0	4,365,000	3,156,605	0	0	7,521,605
2024	0	0	3,895,000	2,932,505	0	0	6,827,505
2025	0	0	3,240,000	2,737,750	0	0	5,977,750
2026	0	0	3,300,000	2,575,750	0	0	5,875,750
2027	0	0	3,390,000	2,410,750	0	0	5,800,750
2028	0	0	3,735,000	2,241,250	0	0	5,976,250
2029	0	0	3,915,000	2,054,500	0	0	5,969,500
2030	0	0	5,085,000	1,858,750	0	0	6,943,750
2031	0	0	5,160,000	1,604,500	0	0	6,764,500
2032	0	0	5,745,000	1,346,500	0	0	7,091,500
2033	0	0	4,915,000	1,059,250	0	0	5,974,250
2034	0	0	5,160,000	813,500	0	0	5,973,500
2035	0	0	5,420,000	555,500	0	0	5,975,500
2036	0	0	5,690,000	284,500	0	0	5,974,500
TOTAL	\$ 0	\$ 0	\$ 237,890,000	\$ 122,775,497	\$ 71,835,000	\$ 9,827,431	\$ 442,327,927

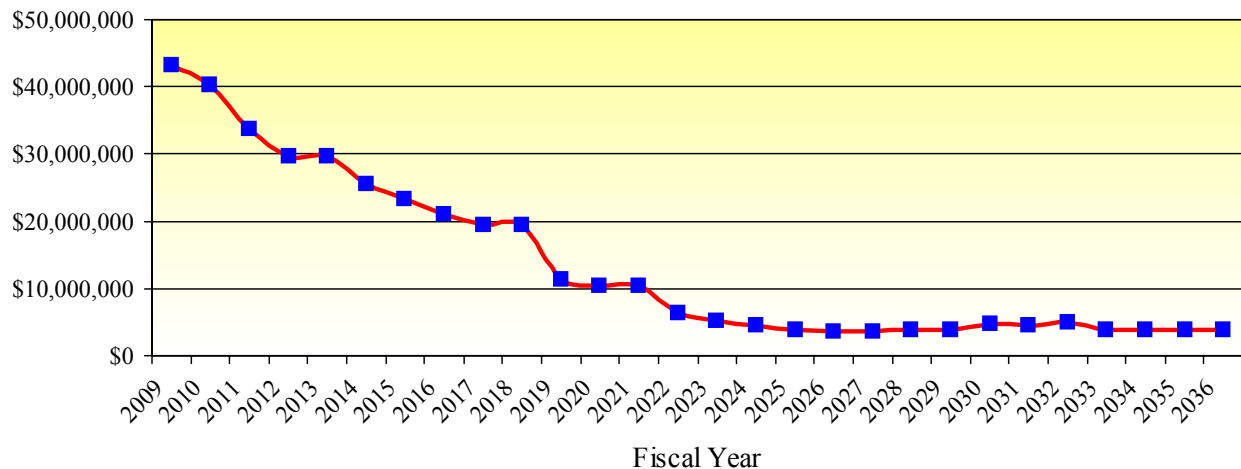


DIRECT NET DEBT
Debt Service Requirements
As of June 30, 2008

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2009	\$ 14,300,000	\$ 2,714,703	\$ 17,014,703
2010	15,280,000	2,078,204	17,358,204
2011	10,185,000	1,498,542	11,683,542
2012	6,315,000	1,118,899	7,433,899
2013	6,545,000	885,793	7,430,793
2014	6,820,000	634,040	7,454,040
2015	4,670,000	408,900	5,078,900
2016	2,470,000	266,100	2,736,100
2017	2,570,000	165,300	2,735,300
2018	2,680,000	56,950	2,736,950
TOTAL	\$ 71,835,000	\$ 9,827,431	\$ 81,662,431

OUTSTANDING DEBT REPAYMENT
GROSS DIRECT DEBT
As of June 30, 2008

Total Outstanding Debt Service



**Economic and Demographic Growth**

In addition to repayments of principal, debt capacity is created by demographic growth or increased economic activity. To the extent that these resources are expanding and the City can capture that growth through increased tax revenues and assessed value growth.

A growing property base is an important resource for future debt issuance. The following table illustrates a record of the City's (excluding the City of Las Vegas Redevelopment Agency) assessed valuations.

SIX YEAR RECORD OF ASSESSED VALUATION
City of Las Vegas, Nevada

Fiscal Year Ended June 30	City of Las Vegas	Percent Change
2004	\$ 11,479,811,435	--
2005	12,717,378,524	10.78%
2006	16,477,557,041	29.86
2007	22,028,939,538	34.80
2008	24,649,348,111	12.75

SOURCE: City of Las Vegas Finance and Business Services Department.

No Outstanding Property Tax Supported Debt

The City currently has no outstanding bond issues supported with ad valorem property taxes.

City of Las Vegas Property Tax Rate

The City has budgeted for \$17,289,000 of revenue from the 9.5 cent fire protection tax override. The revenues generated by this override will be sufficient to pay debt service on the voter-approved outstanding bonds. The fiscal year 2009 principal and interest requirements are \$4,404,797.



The following tables list the outstanding bonds secured by 15 percent of the Consolidated Tax Distribution. Consolidated Tax Revenue for FY 2009 is budgeted to be \$252,133,000; NRS 377.080 allows 15% of Consolidated Tax Revenue to be pledged as security for bonds. The City's policy is to use only 90% of state mandated 15% of Consolidated Tax Revenue for debt. This allows for \$34,037,955 per year for debt service payments.

CONSOLIDATED TAX-SUPPORTED BONDS
As of June 30, 2008

	Issue Date	Original Amount	Outstanding Amount	Retirement Date
Redevelopment Project Bonds, Series A	11/01/1998	\$17,000,000	\$ 6,745,000	05/01/2012
Parking Bonds	10/01/1999	10,000,000	500,000	06/01/2009
Parking Bonds (City Hall Expansion)	12/01/2002	25,000,000	2,730,000	12/01/2012
Various Purpose Refunding, Series B	07/01/2005	21,295,000	21,295,000	06/01/2019
Taxable Various Purpose, Series A	05/31/2006	18,000,000	17,330,000	06/30/2024
Tax-Exempt Various Purpose, Series B	05/31/2006	50,745,000	50,745,000	05/01/2036
Various Purpose (VRDB), Series C	08/22/2006	32,000,000	<u>32,000,000</u>	06/01/2036
			\$131,345,000	

Fiscal Year	Principal	Interest	Total
2009	\$ 3,385,000	\$ 6,599,454	\$ 9,984,454
2010	3,605,000	6,415,304	10,020,304
2011	4,430,000	6,228,573	10,658,573
2012	4,590,000	5,996,779	10,586,779
2013	4,845,000	5,749,929	10,594,929
2014	5,635,000	5,516,579	11,151,579
2015	5,930,000	5,237,029	11,167,029
2016	6,210,000	4,946,398	11,156,398
2017	6,525,000	4,640,254	11,165,254
2018	6,845,000	4,317,066	11,162,066
2019	4,460,000	3,975,536	8,435,536
2020	3,760,000	3,759,796	7,519,796
2021	3,955,000	3,569,028	7,524,028
2022	4,155,000	3,368,195	7,523,195
2023	4,365,000	3,156,605	7,521,605
2024	3,895,000	2,932,505	6,827,505
2025	3,240,000	2,737,750	5,977,750
2026	3,300,000	2,575,750	5,875,750
2027	3,390,000	2,410,750	5,800,750
2028	3,735,000	2,241,250	5,976,250
2029	3,915,000	2,054,500	5,969,500
2030	5,085,000	1,858,750	6,943,750
2031	5,160,000	1,604,500	6,764,500
2032	5,745,000	1,346,500	7,091,500
2033	4,915,000	1,059,250	5,974,250
2034	5,160,000	813,500	5,973,500
2035	5,420,000	555,500	5,975,500
2036	5,690,000	284,500	5,974,500
Total	\$ 131,345,000	\$ 95,951,530	\$ 227,296,530



The following tables list the outstanding bonds secured by sewer revenues:

ENTERPRISE FUND/SEWER BONDS

As of June 30, 2008

Issue	Date Issued	Principal Amount	Amount Outstanding	Retirement Date
Sewer Refunding Bonds	01/01/97	\$ 35,680,000	\$ 3,775,000	10/01/17
Sewer Bonds, Series A	11/15/97	35,000,000	1,715,000	10/01/17
Sewer & Flood Control Bonds	04/24/01	55,000,000	6,605,000	04/01/11
Sewer Refunding Bonds, Series B	12/04/02	18,675,000	3,485,000	01/01/09
Sewer Refunding Bonds	09/01/04	21,050,000	21,050,000	11/01/17
Sewer Refunding Bonds	03/15/06	31,920,000	31,920,000	06/30/21
Sewer Refunding Bonds	11/01/07	17,155,000	17,155,000	10/01/12
			<u>\$ 85,705,000</u>	

Fiscal Year	Principal	Interest	Total
2009	11,065,000	3,511,044	14,576,044
2010	8,270,000	2,996,713	11,266,713
2011	8,605,000	2,654,663	11,259,663
2012	9,145,000	2,295,200	11,440,200
2013	9,490,000	1,938,175	11,428,175
2014	5,130,000	1,656,438	6,786,438
2015	5,340,000	1,452,225	6,792,225
2016	5,580,000	1,207,375	6,787,375
2017	5,830,000	951,375	6,781,375
2018	6,110,000	683,575	6,793,575
2019	3,565,000	459,525	4,024,525
2020	3,710,000	312,469	4,022,469
2021	3,865,000	159,431	4,024,431
Total	\$ 85,705,000	\$ 20,278,208	\$ 105,983,208

**City Debt Service and Reserve Funds**

The following table lists the fiscal year 2008 debt service requirement for the City's net direct tax-supported debt and the respective (budgeted) reserve fund or debt service fund balance. For bonds paid solely from property taxes, it is the City's policy to strive for a debt service fund balance in an amount not less than the succeeding year's principal and interest requirement. The reserve requirements, if any, for other bond issues are set forth in their respective bond covenants. Based on management review the reserve amounts listed below are adequate.

**Debt Service Reserves
As of June 30, 2008**

	6/30/08 Debt Service Reserve	FY 2009 Debt Service
Medium-Term Park Bonds, Series 1999	4,202,683	\$ 4,202,683
Medium-Term Parking Garage Bonds, Series 2000A	846,048	1,093,185
Medium-Term Building Bonds, Series 2000	-0-	1,044,731
Medium Term Public Safety Bonds, Series 2001	300,000	3,188,421
Medium-Term Recreation Bonds, Series 2003	-0-	2,342,858
Medium-Term Recreation Bonds, Series 2004C	-0-	2,408,425
Various Purpose Medium-Term Bonds, Series 2007	-0-	2,734,400
	5,348,731	\$ 17,014,703

SOURCE: City of Las Vegas, Nevada - Department of Finance and Business Services

Possible Future City Capital Projects

While some possible financings are better defined than others, the City could be projecting approximately \$121,695,000 in capital projects that will require long-term financing over the next year, as listed below. There is no assurance these will be issued in the amounts and at the dates shown below. There exists a possibility that all or part of any project listed below will be funded through alternative revenue sources.

Possible City Capital Projects Requiring Long-Term Financing

Project	Issue Date	Amount	Repayment Source
City General Obligation Bonds:			
Performing Arts Center	FY 09	\$ 121,695,000	General Obligation
TOTAL		\$ 121,695,000	



**Proposed FY 09
Performing Arts Center Bonds**

Fiscal Year	Principal	Interest	Total
2009	\$ 0	\$ 0	\$ 0
2010	0	5,689,393	5,689,393
2011	2,200,000	5,689,393	7,889,393
2012	2,270,000	5,617,893	7,887,893
2013	2,350,000	5,539,578	7,889,578
2014	2,435,000	5,454,978	7,889,978
2015	2,525,000	5,364,883	7,889,883
2016	2,620,000	5,267,670	7,887,670
2017	2,725,000	5,164,180	7,889,180
2018	2,835,000	5,053,818	7,888,818
2019	2,955,000	4,934,748	7,889,748
2020	3,080,000	4,807,683	7,887,683
2021	3,220,000	4,672,163	7,892,163
2022	3,360,000	4,528,873	7,888,873
2023	3,510,000	4,377,673	7,887,673
2024	3,670,000	4,217,968	7,887,968
2025	3,840,000	4,049,148	7,889,148
2026	4,020,000	3,870,588	7,890,588
2027	4,210,000	3,681,648	7,891,648
2028	4,410,000	3,481,673	7,891,673
2029	4,620,000	3,269,993	7,889,993
2030	4,845,000	3,045,923	7,890,923
2031	5,080,000	2,808,518	7,888,518
2032	5,330,000	2,557,058	7,887,058
2033	5,595,000	2,293,223	7,888,223
2034	5,875,000	2,013,473	7,888,473
2035	6,170,000	1,719,723	7,889,723
2036	6,480,000	1,411,223	7,891,223
2037	6,805,000	1,083,983	7,888,983
2038	7,150,000	740,330	7,890,330
2039	7,510,000	379,255	7,889,255
Total	\$ 121,695,000	\$ 112,786,653	\$ 234,481,653

SOURCE: City of Las Vegas, Nevada - Department of Finance and Business Services

**Statutory Debt Capacity**

State statutes limit the aggregate principal amount of the City's general obligation indebtedness to 20 percent of the City's total reported assessed valuation (including the assessed valuation of the Redevelopment Agency).

The following table presents a record of the City's outstanding indebtedness with respect to the debt limitation in the City Charter.

HISTORICAL STATUTORY DEBT CAPACITY
City of Las Vegas, Nevada

Fiscal Year Ended June 30	Assessed Valuation ^{1/}	Debt Limit	Outstanding and Proposed General Obligation Debt ^{2/}	Additional Statutory Debt Capacity
2004	\$ 11,808,083,743	\$ 2,361,616,749	\$ 304,339,052	\$ 2,057,277,697
2005	13,076,791,677	2,615,358,335	296,363,284	2,318,995,051
2006	16,982,144,290	3,396,428,858	314,450,358	3,081,978,500
2007	22,891,189,499	4,578,237,900	317,239,967	4,260,997,933
2008	25,810,783,929	5,162,156,786	309,725,000	4,852,431,786

- 1/ Includes the assessed valuations of the Las Vegas Redevelopment Agency. While it is appropriate to consider the assessed value of the Las Vegas Redevelopment Agency in determining the City's debt limitation, only the portion of the taxes that are levied against property in the redevelopment area with assessed valuation that is equal to the assessed valuation of such property during the 1986 fiscal year is available to pay debt service on the Bonds.
- 2/ Includes general obligation bonds, general obligation revenue bonds and general obligation medium-term bonds.



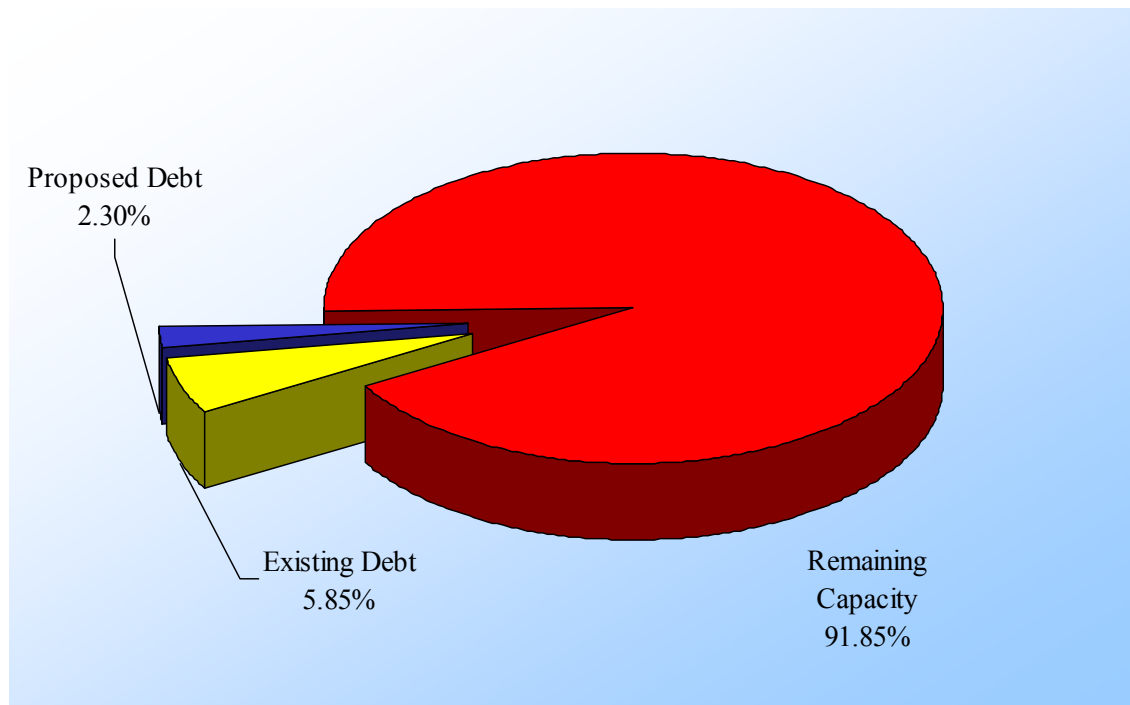
Based upon the estimated fiscal year 2009 assessed value \$26,462,426,879 (including the assessed value of the Redevelopment Agency, the City's statutory debt limitation is \$5,292,485,376. The following table represents the City's outstanding and proposed general obligation indebtedness with respect to its statutory debt limitation.

STATUTORY DEBT CAPACITY
City of Las Vegas, Nevada
For Fiscal Year 2009

Statutory Debt Limitation	<u>\$ 5,292,485,376</u>
Outstanding General Obligation Indebtedness ^{1/}	309,725,000
Plus: Performing Arts Center Bonds	<u>121,695,000</u>
Total Outstanding and Proposed General Obligation Indebtedness	<u>431,420,000</u>
<u>Additional Statutory Debt Limitation Available</u>	<u>\$ 4,861,065,376</u>

1/ See table entitled "POSSIBLE CITY CAPITAL PROJECTS REQUIRING LONG-TERM FINANCING REPAYMENT SOURCES IDENTIFIED."

SOURCE: Department of Taxation; City of Las Vegas



**City Debt Trends**

Impact of Currently Proposed Capital Projects on Debt Trends - The table below reflects the City's historical debt trends and its projected debt ratios assuming all of the direct net debt described earlier is issued during the upcoming fiscal year.

**HISTORICAL AND PROJECTED
NET DIRECT TAX SUPPORTED DEBT TRENDS**

Fiscal Year Ended June 30	Net Direct Tax Supported Debt	Net Direct Tax Supported Debt Per Capita	Net Direct Tax Supported Debt to Taxable Value	Population
1994	\$ 22,115,000	\$ 63.85	0.58%	\$ 346,350
1995	19,155,000	52.00	0.48%	368,360
1996	16,780,000	42.15	0.38%	398,110
1997	35,245,000	82.88	0.66%	425,270
1998	29,210,000	66.20	0.47%	441,230
1999	32,690,000	70.29	0.47%	465,050
2000	52,930,000	109.48	0.71%	483,448
2001	79,215,000	151.47	0.95%	522,969
2002	74,265,000	153.62	0.83%	483,448
2003	67,715,000	131.58	0.64%	514,640
2004	80,969,052	153.17	0.71%	528,617
2005	89,708,285	163.23	0.55%	549,571
2006	75,745,358	132.92	0.34%	569,838
2007	62,154,967	107.19	0.28%	579,840
2008	71,835,000	121.69	0.10%	590,321

Preliminary Summary and Conclusion

The City's debt burden is low to moderate and will likely remain so rapid amortization offsets proposed additional debt. A substantial portion of the general obligation debt outstanding is supported from non-property tax revenue. Amortization is rapid, with 69% of gross direct debt retired in 10 years. Including overlapping debt, total overall debt is moderate with \$2,190 per capita.

Summary of Debt Capacity Analysis Policies

The City's Direct Net Tax Supported Debt shall be maintained at a level considered manageable by the rating agencies based upon current economic conditions, including among others, population, per capita income and assessed valuation.

The City shall structure all long-term debt with prepayment options except when alternative structures are more advantageous. The City will consider prepaying or defeasing portions of outstanding debt when available resources are identified.

For bonds being repaid solely with property taxes, the Department of Finance will strive for a debt service fund balance in an amount not less than the succeeding year's principal and interest requirements. The reserve fund requirements for other bond issues will be set forth in their respective bond covenants.

The Department of Finance shall update the City's Debt Capacity Analysis annually.



DEBT ISSUANCE POLICY

Administration of Policy

The City Manager is the Chief Administrative Officer for The City. The Director of Finance is the Chief Financial Officer for the City. The City Manager is ultimately responsible for administration of City financial policies. The City Council is responsible for the approval of any form of City borrowing and the details associated therewith. Unless otherwise designated, the Director of Finance coordinates the administration and issuance of debt.

The Director of Finance is also responsible for the attestation of disclosure and other bond related documents. References to the "City Manager or his designee" in the document are hereinafter assumed to assign the Director of Finance as the "designee" for administration of this policy. The City Manager may, from issue to issue, designate officials from issuing entities to discharge the provisions of this policy.

Initial Review and Communication of Intent

All borrowing requests shall be communicated to the City Finance Department during the annual budget process. Requests for a new bond issue must be identified as a part of a Capital Improvement Program (CIP) request. Opportunities for refunding shall originate with or be communicated to the Department of Finance. Justification and requested size of the bond issue must be presented as well as the proposed timing of the bond issue,

The Department of Finance will evaluate each debt proposal comparing it with other competing interests within the City. All requests will be considered in accordance with the City's overall adopted priorities. The Department of Finance will coordinate the issuance of debt including size of issuance, debt structuring, repayment sources and determination of mix (e.g. debt financing versus pay-as-you-go), and method of sale.

Clark County Debt Management Commission

In Nevada, governments must present their general obligation debt proposals, (with the exception of medium term financings issued under NRS 350), to a County Debt Management Commission. This Commission reviews the statutory debt limit, method of repayment, and possible impact on other underlying or overlapping entities. When considering the possible impact on other entities, the Commission generally considers the property tax rate required versus others' need for a tax rate - all of which must fall at or below the statutory \$3.64 property tax cap. The \$3.64 is not usually a limiting factor. However, the cap will become an issue when local governments begin levying a property tax that is closer to \$3.64. The Debt Management Commissions do not generally make judgments about a proposal's impact on the debt ratios of all the affected governments.

Types of Debt

General obligation bonds - Under NRS 350.580, the City may issue as general obligations any of the following types of securities:



1. Notes
2. Warrants
3. Interim debentures
4. Bonds, and
5. Temporary bonds

General obligation bonds are general obligations of the City payable from general (ad valorem) taxes, subject to certain constitutional and statutory limitations. The Nevada Constitution and State statutes limit the total taxes levied by all governmental units to an amount not to exceed \$5.00 and \$3.64, respectively, per \$100 of assessed valuation with a priority for taxes levied for the payment of general obligation indebtedness.

Any outstanding general obligation bonds, any temporary general obligation bonds to be exchanged for such definitive bonds, and any general interim debentures, constitute outstanding indebtedness of the City and exhaust the debt-incurring power of the City. Nevada statutes require that most general obligation bonds mature within 30 years from their respective issuance dates.

Bonding should be used to finance or refinance only those capital improvements and long-term assets, or other costs directly associated with financing a project, which have been determined to be beneficial to a significant proportion of the citizens in The City and for which repayment sources have been identified. Bonding should be used only after considering alternative funding sources, such as project revenues, federal and state grants, and special assessments.

General obligation bonds issued under this heading are used when a voter-approved property tax is the desired repayment source.

General obligation/revenue bonds - such bonds are payable from taxes and additionally secured by a pledge of revenues. If pledged revenues from the projects financed are not sufficient, the City is obligated to pay the difference between such revenues and the debt service requirements of the respective bonds from general (ad valorem) taxes.

Interim debentures/interim warrants - Under NRS 350.672, the City is authorized to issue general obligation/special obligation interim debentures without any other election in anticipation of the proceeds of taxes, the proceeds of general obligation or revenue bonds, the proceeds of pledged revenues or any other special obligations of the City and its pledged revenues. These securities are often used in anticipation of assessment district bonds.

Revenue bonds - Under NRS 350.582, the City may issue as special obligations any of the following types of revenue securities:

1. Notes
2. Warrants
3. Interim debentures
4. Bonds, and
5. Temporary bonds



Securities issued as special obligations do not constitute outstanding indebtedness of the City nor do they exhaust its legal debt-incurring power. Bonding should be limited to projects with available revenue sources whether self-generated or dedicated from other sources. Adequate financing feasibility studies should be performed for each revenue issue. Sufficiency of revenues should continue throughout the life of the bonds.

Medium-term General Obligation Financing -Under NRS 350, the City may issue negotiable notes or short term negotiable bonds. Those issues approved by the Executive Director of the Nevada Department of Taxation are payable from all legally available funds (General Fund, etc.). A special property tax override is not authorized by this statute. The negotiable notes or bonds:

1. Must mature not later than 10 years after the date of issuance
2. Must bear interest at a rate which does not exceed by more than three percent the Index of Twenty Bonds which was most recently published before the bids are received or a negotiated offer is accepted.
3. May, at the option of the City, contain a provision which allows redemption of the notes or bonds before maturity, upon such terms as the City Council determine.
4. Term of bonds may not exceed the estimated useful life of the asset to be purchased with the proceeds from the financing, if the maximum term of the financing is more than five years.
5. Bonds issued in a medium-term financing structure, must have a medium-term financing resolution approved, which becomes effective after approval by the executive director of the State department of taxation.

Certificates of participation/other leases - Certificates of participation are essentially leases which are sold to the public. The lease payments are subject to annual appropriation. Investors purchase certificates representing their participation in the lease. Often, the equipment or facility being acquired serves as collateral. These securities are most useful when other means to finance are not available under State law.

Refunding - A refunding is generally the underwriting of a new bond issue whose proceeds are used to redeem an outstanding issue. Key definitions are described as follows:

Advance Refunding - a method of providing for payment of debt service on a bond until the first call date or designated call date from available funds. Advance refundings are done by issuing a new bond or using available funds and investing the proceeds in an escrow account in a portfolio of U.S. Government securities that are structured to provide enough cash flow to pay debt service on the refunded bonds.

Current Refunding - the duration of the escrow is 90 days or less.

Gross Savings - Difference between debt service on refunding bonds and refunded bonds less any contribution from a reserve or debt service fund.

Present Value Savings - Present value of gross savings discounted at the refunding bond yield to the closing date, plus accrued interest less any contribution from a reserve or debt service fund.

Prior to beginning a refunding bond issue, the City will review an estimate of the savings achievable from the refunding. The City may also review a pro forma schedule to estimate the savings assuming that the refunding is done at various points in the future.



The City will generally consider refunding outstanding bonds if one or more of the following conditions exist:

1. Present value savings are at least three percent of the par amount of the refunding bonds.
2. The bonds to be refunded have restrictive or outdated covenants.
3. Restructuring debt is deemed to be desirable.

The City may pursue a refunding that does not meet the above criteria if:

1. Present value savings exceed the costs of issuing the bonds.
2. Current savings are acceptable when compared to savings that could be achieved by waiting for more favorable interest rates and/or call premiums.

Debt Structuring

Maturity Structures - The term of City debt issues should not extend beyond the useful life of the project or equipment financed. The repayment of principal on tax supported debt should generally not extend beyond 20 years unless there are compelling factors which make it necessary to extend the term beyond this point,

Debt issued by the City should be structured to provide for either level principal or level debt service. Deferring the repayment of principal should be avoided except in select instances where it will take a period of time before project revenues are sufficient to pay debt service. Ascending debt service should generally be avoided.

Bond Insurance - Bond insurance is an insurance policy purchased by an issuer or an underwriter for either an entire issue or specific maturities, which guarantee the payment of principal and interest. This security provides a higher credit rating and thus a lower borrowing cost for an issuer.

Bond insurance can be purchased directly by the City prior to the bond sale (direct purchase) or at the underwriter's option and expense (bidder's option). The City will attempt to qualify its bond issues for insurance with bond insurance companies rated AAA by Moody's Investors Service, Standard & Poor's Corporation, and Fitch Ratings.

The decision to purchase insurance directly versus bidder's option is based on:

- volatile markets
- current investor demand for insured bonds
- level of insurance premiums
- ability of the City to purchase bond insurance from bond proceeds

When insurance is purchased directly by the City, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The bond insurance company will usually be chosen based on an estimate of the greatest net present value insurance benefit (present value of debt service savings less insurance premium).



Reserve Fund and Coverage Policy - A debt service reserve fund is created from the proceeds of a bond issue and/or the excess of applicable revenues to provide a ready reserve to meet current debt service payments should moneys not be available from current revenues.

Coverage is the ratio of pledged revenues to related debt service for a given year. For each bond issue, the Department of Finance shall determine the appropriate reserve fund and coverage requirements if any. The reserve for City General Obligation Bonds should approximate one year of principal and interest or other level as determined adequate by the Department of Finance. It is also The City's policy to strive for one year of principal and interest on other obligations.

Interest Rate Limitation - Under NRS 350.2011, the maximum rate of interest must not exceed by more than three percent:

1. for general obligations, the Index of Twenty Bonds; and
2. for special obligations, the Index of Revenue Bonds, which was most recently published before the City adopts a bond ordinance.

Secondary Market Disclosure

In November 1994, the Securities and Exchange Commission (SEC) amended Rule 15c2-12 (the "Rule") to prohibit any broker, dealer, or municipal securities dealer from acting as an underwriter in a primary offering of municipal securities unless the issuer Promises in writing to provide certain ongoing information (unless the offering satisfies certain exemptions).

The City will comply with the Rule by providing the secondary market disclosure required in any case in which the Rule applies to the City as an obligated person ("Obligated Person") as defined in the Rule.

The City will also require certain governmental organizations and private organizations (the "Organizations"), on behalf of which the City issues bonds or who otherwise are beneficiaries of the bonds, to comply with the Rule pursuant to a loan agreement or other appropriate financing document as a condition to providing the financing. The City is not required, nor will it obligate itself to provide secondary market disclosure for any obligated persons (other than the City), and the City will have no liability or responsibility for the secondary market disclosure requirements imposed upon other Obligated Persons. The City may, in appropriate cases, exempt Organizations and other Obligated Persons from this policy where the City determines, in its sole discretion, that an exemption permitted by the Rule is available.

Method of Sale

There are two ways bonds can be sold: competitive (public) or negotiated sale. Competitive and negotiated sales provide for one or more pricings depending upon market conditions or other factors. Either method can provide for changing issue size, maturity amounts, term bond features, etc. The timing of competitive and negotiated sales is generally related to the requirements of the Nevada Open Meeting Law.

Competitive Sale - With a competitive sale, any interested underwriter(s) is invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter(s) presenting the best bid according to stipulated criteria set forth in the notice of sale. The best bid is usually determined based on



the lowest overall interest rate. Competitive sales should be used for all issues unless circumstances dictate otherwise.

Negotiated Sale - A securities sale through an exclusive arrangement between the issuer and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriters. Negotiated underwriting may be considered upon recommendation of the Department of Finance based on one or more of the following criteria:

- Extremely large issue size.
- Complex financing structure (i.e. variable rate financings, new derivatives and certain revenue issues, etc.) which provides a desirable benefit to the City.
- Comparatively lesser credit rating.
- Other factors which lead the Department of Finance to conclude that a competitive sale would not be effective

Underwriter Selection for Negotiated Sale

1. Underwriter selection for economic development revenue bonds, and bonds issued pursuant to NRS 271, which are not secured by a pledge of the taxing power and general fund of the City, may be approved via the City's guidelines for such bonds.
2. The Department of Finance will solicit proposals from underwriters who have submitted, in their own name or as part of a syndicate, bids for City competitive bond issues during the past three years. All such firms will have an equal opportunity to be selected to bid for the City's negotiated underwriting pool. The review of proposals shall include, but not be limited to, the requirements of NRS 350.185.
3. Before selling bonds at negotiated sale, underwriters in the City's pool may be contacted to provide additional information including, but not limited to that required by NRS 350.185.
4. The book-running senior manager and other members of the underwriting syndicate for a particular issue or project will be designated by the Department of Finance and ratified by the City Council- It is the City's intent, once a team is established, to provide equal opportunity for the position of book-running senior manager. The Department of Finance will rotate the book-running senior manager on a deal-by-deal basis as appropriate for the particular bond issue or project.
5. The underwriting team should be balanced with firms having institutional, retail, and regional sales strength, qualified minority and/or woman-owned firms will be included in the underwriting team and given in equal opportunity to be senior manager.
6. The size of an issue will determine the number of members in the underwriting team and whether more than one senior manager is desirable.



Underwriting Spread

Before work commences on a bond issue to be sold at negotiated sale, the underwriter shall provide the Department of Finance a detailed estimate of all components of their compensation. Such estimates should be contained in the RFP or provided immediately after their designation as underwriter.

The book-running senior manager must provide an updated estimate of the expense component of gross spread to the Department of Finance no later than one week prior to the day of pricing.

Establishment of a Selling Group

When deemed appropriate by the Department of Finance, a selling group will also be established to assist the underwriting team in the marketing of the bond issue.

Priority of Orders

The priority of orders to be established for negotiated sales is generally as follows:

1. Nevada Investors
2. Group Orders
3. Designated Orders
4. Member Orders

For underwriting syndicates with three or more underwriters a three-firm rule for net designated orders will be established as follows;

1. The designation of takedown on net designated orders is to benefit at least three firms of the underwriting team.
2. No more than 50 percent of the takedown may be designated to any one firm. No less than 10 percent of the takedown will be designated to any one firm.

Retentions

If the use of retentions is desirable, the Department of Finance will approve the percentage (up to 30 percent) of term bonds to be set aside. The amount of total retention will be allocated to each member of the underwriting team in accordance with their respective underwriting liability, which is approved by the Department of Finance.

Allocation of Bonds

1. The book running senior manager will be responsible for ensuring that the overall allocation of bonds meets the City's goals of obtaining the best price for the issue and a balanced distribution of the bonds.
2. The Department of Finance must approve the final bond allocation process with input from the book running senior manager.



Miscellaneous

MBE/WBE Statement - It is a continuing goal of The City to actively pursue minority and women business enterprises to take part in The City's procurement and contracting activity. Minority and women business enterprises will be solicited in the same manner as non-minority firms. The City encourages participation by minority and women business enterprises and will afford full opportunity for bid submission. Minority and women business enterprises will not be discriminated against on the grounds of race, color, creed, sex, or national origin in consideration for an award.

Bond Closings - All bond closings shall be held in The City unless circumstances dictate otherwise.

Gift Policy - Gifts of up to \$100 are allowed; Gifts between \$100.01 and \$250.00 must be disclosed; Gifts greater than \$250.00 are prohibited.

Summary of Debt Issuance Policies

- All bond issue requests shall be coordinated by the Department of Finance during the annual budget process. Requests for new bonds must be identified during the Capital Improvement Plan (CIP) process. Opportunities for refunding outstanding bonds shall be communicated to the Department of Finance.
- Bonding should be used to finance or refinance only those capital improvements and long term assets, or other costs directly associated with financing of a project, which has been determined to be beneficial to a significant proportion of the citizens in the City, and for which repayment sources have been identified. Bonding should be used only after considering alternative funding sources such as project revenues, Federal and State grants, and special assessments.
- The scheduled maturity of bond issues should not exceed the expected useful life of the capital project or asset(s) financed.
- Certificates of participation/other leases should be used only when appropriate (i.e. when no other adequate means of financing is available under State law).
- The Department of Finance shall consider refunding outstanding bonds if one or more of the following conditions exist: (1) present value savings are at least 3 percent, with certain exceptions, of the par amount of the refunding bonds; (2) the bonds to be refunded have restrictive or outdated covenants; or (3) restructuring debt is deemed to be desirable.
- The Department of Finance shall consider purchasing bond insurance when the present value of the estimated debt service savings from insurance is equal to or greater than the insurance premium.
- The City should encourage the use of competitive sales for all issues unless circumstances dictate otherwise. Negotiated sales will be considered by the Department of Finance only under the conditions set forth herein.



- The Department of Finance will establish a list of pre-qualified underwriters when negotiated sale is anticipated.
- For negotiated sales, qualified minority and/or woman-owned firms will be included in the underwriting team, and equal opportunity will be provided to all members of the team including minority and/or woman-owned firms to hold the position of book-running senior manager. The book-running senior manager and other members of the underwriting syndicate will be recommended by the Department of Finance and approved by the City Council.
- The priority of orders for negotiated sales shall generally be as follows: (1) Nevada investors, (2) group orders; (3) designated orders; and (4) member orders.
- For underwriting syndicates with three or more underwriters, a three-firm rule for net designated orders shall be established.
- The Department of Finance must approve the bond allocation process.

Five-Year Operating Tax Rate Forecast

Barring extraordinary events, the City shall impose a property tax limit based on the FY 1999 variance between the actual tax levied and the maximum allowed levy; that is, the City will not raise taxes beyond a self imposed limit that is 11.2 cents per \$100 below the State imposed limit. As of fiscal year 2008, the City's maximum allowed rate is \$0.8644 and the rate imposed is \$0.6765, which leaves \$0.1879 allowable under state law and \$0.0759 allowable under this policy.

The City does not anticipate increasing the operating rate, barring extraordinary events, in the next five years.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Operating Rate	\$0.6765	\$0.6765	\$0.6765	\$0.6765	\$0.6765
Override	<u>0.1879</u>	<u>0.1879</u>	<u>0.1879</u>	<u>0.1879</u>	<u>0.1879</u>
Total	\$0.8644	\$0.8644	\$0.8644	\$0.8644	\$0.8644



Procedures for Debt Issuance Timetables

Procedures for Debt Issuance/Timetable
(See sample schedules attached)

1. General Obligation Bonds (NRS 350 Voter Approved)
2. General Obligation Revenue Bonds (NRS 350)
3. Revenue Bonds/Certificates of Participation
4. Medium-Term General Obligation Bonds (NRS 350)
5. Assessment District Bonds

General Obligation Bonds (NRS 350)

Estimated No. of Weeks From Start	Event
0	- City Council (the "Council") adopts Debt Management Commission ("DMC") Notice Resolution
3	- DMC meets and adopts Approval Resolution
4	- Council adopts Election Resolution
6	- Council question submitted to County Clerk/Registrar of Voters
(3 rd Monday in July-General) (3 rd Tuesday in June - City Election) (at least 60 days - all other elections)	
21	
(1 st Tuesday in November) or (1 st Tuesday after the first Monday in June)	- General Election/Bond Election
22	- Council adopts Canvass Resolution
24	- Council adopts Sale Resolution - Distribute Draft of Preliminary Official Statement
25	- Due Diligence Meeting to Review Preliminary Official Statement
26	- Council approves Delegation Bond Ordinance - Electronic Distribution of Preliminary Official Statement
27	- Bond Sale - Finance Director executes Award certificate
30	- Bond Closing

**General Obligation Revenue Bond (NRS 350)**

Estimated No. of Weeks From Start	Event
0	- Council adopts Debt Management Commission ("DMC") Notice Resolution
4	- DMC meets and adopts Approval Resolution
5	- Council adopts Authorization and Sale Resolution
6	- Publish Notice of Intent and 5"x 4" Notice of Public Hearing - 90 Day Petition Period Begins
8	- Public Hearing (at least 10 days after Notice of Public Hearing) - First Reading of Bond Ordinance
10	- Council adopts Delegation Bond Ordinance
12	- Distribute Draft of Preliminary Official Statement
14	- Due Diligence Meeting to Review Preliminary Official Statement
16	- Electronic Distribution of Preliminary Official Statement - Publish Bond Buyer Ad
18	- 90 Day Petition Period Ends/Effective Date of Bond Ordinance
19	- Bond Sale - Finance Director Executes Award Certificate
22	- Bond Closing

Revenue Bonds

Estimated No. of Weeks From Start	Event
1	- Council (the "Council") adopts Sale Resolution
4	- Council Adopts Bond Ordinance - Distribute Draft Preliminary Official Statement
5	- Due Diligence Meeting to Review Preliminary Official Statement
7	- Electronic Distribution Preliminary Official Statement
8	- Bond Sale - Finance Director Executes Award Certificate
11	- Bond Closing

**Medium-Term General Obligation Bond (NRS 350)**

Estimated No. of Weeks From Start	Event
0	- Council adopts Public Hearing Notice Resolution
2	- Publish Notice of Public Hearing
4	- Public Hearing (at least 10 days after Notice of Public Hearing) - Council adopts Authorization Sale Resolution
5	- Distribute Draft Preliminary Official Statement
6	- First Reading of Delegation Bond Ordinance
7	- Due Diligence Meeting to Review Preliminary Official Statement
8	- Receive Approval from Department of Taxation - Bond Buyer Ad
9	- Council adopts Bond Ordinance - Taxation Approval reflected in Bond Ordinance
10	- Bond Sale - Finance Director Executes Award Certificate
13	- Bond Closing

**Assessment District Bonds**

Estimated No. of Weeks From Start	Event
<i>(Various assessment procedural steps take anywhere from 6 to 18 months prior to the events listed below)</i>	
0	- Board adopts Assessment Ordinance
2	- Assessment Ordinance Effective - Begin 30-day Cash Payment Period
6	- End of 30-day Cash Payment Period
8	- Board adopts Bond Sale Resolution - Distribute Draft Preliminary Official Statement
9	- Due Diligence Meeting to Review Preliminary Official Statement
11	- Electronic Distribution of Preliminary Official Statement
12	- Bond Sale - Board adopts Ordinance Authorizing Issuance of Bonds - Board adopts Resolution Establishing Assessment Rate of Interest
15	- Bond Closing



**CITY OF LAS VEGAS, NEVADA
Developer Special Improvement District Guidelines**

Under chapter 271 of Nevada Revised Statutes (NRS), the City is authorized to acquire street, sidewalk, water, sewer, curb, gutter, flood control and other publicly-owned "infrastructure" improvements that benefit new development by the creation of a special improvement district as specified in NRS 271.265. The purpose of these guidelines is to outline the circumstances under which the City will consider this type of financing for improvements for new developments involving one or a small number of private property owners who intend on developing their property for residential, commercial, and industrial or other beneficial use.

Except as provided in the following two sentences, these guidelines apply to all assessment districts financed under NRS 271.710 through 271.730, and to all other assessment districts in which all three of the following conditions are met: (1) 5 or fewer property owners own 85% or more of the property to be assessed, (2) 80% or more of the property to be assessed is unimproved, and (3) the value of any parcel to be assessed "as is" (without considering the improvements to be installed or further subdivision), as shown in the records of the County Assessor or by an appraisal acceptable to the City, is less than three times the amount of the proposed assessment. These guidelines do not apply: (a) if 50% or more of the cost of the project proposed to be funded is being funded from a governmental source other than special assessments or the proceeds of special assessment bonds (e.g., RTC); or (b) if the district is initiated by the provisional order method on recommendation of the Director of Public Works after consultation with the Department of Finance. These guidelines also do not apply to districts that were initiated by action of the City Council prior to the adoption of these guidelines.

The City Council reserves the right, on a case-by-case basis, to impose additional requirements or waive specific requirements listed herein. Such waived requirements shall be noted in the approval of any petition together with a finding that the deviation from this policy is in the best interest of the City. Additional requirements shall be noted in the approval.

The City will consider the impact of issuing bonds under these guidelines on its overall tax-supported debt ratios and bond ratings.

A. Eligible Improvements

1. Regional Improvements: The City will consider financing only regional infrastructure improvements i.e., regional improvements are those streets, storm drains, water systems, sewer and other utilities that will provide benefit to the entire new development project. Such improvements are those with respect to which the City Council has made a finding of regional benefit that benefit the general area in which the development is located as opposed to improvements that exclusively benefit a particular subdivision. (Only the portion of the total cost that benefits the special improvement district will be assessed). Thus, an arterial street or highway or major sewers, storm drains and water lines which provide benefit to the entire project and are found to be of general or regional benefit by the Council, would be considered for financing.



2. Public Ownership Requirement: Only publicly owned infrastructure is eligible for financing. Privately-owned improvements such as electric, gas, and cable television improvements, streets or roads which are not dedicated to the City, and private portions of other improvements, such as water and sewer service lines from the property lines to the home or other structure are not eligible for financing.

3. Benefit: The improvements proposed to be constructed must benefit the property assessed by an amount at least equal to the amount of the assessment. In addition, the property owner must identify to the City the amount of the expected benefit to the property owner (stated in a dollar amount) from using financing provided under these guidelines.

4. Subdivision Improvements: The City will not consider financing "subdivision" or "in-tract" improvements, that is, improvements within a subdivision that benefit only the land within a subdivision such as neighborhood streets.

5. Size: Generally, the City will not consider stand-alone assessment districts that involve less than \$3,000,000 in bonds.

B. Environment Matters

1. A Phase 1 environmental assessment (hazardous waste assessment) on the property to be assessed, property on which the improvements are to be located and on any property to be dedicated to the City, must be provided by the property owner prior to the bonds being issued by the City. The property owner must also provide the City with an indemnification agreement in a form acceptable by and provided by the City, promising to indemnify the City against any and all liability and/or costs associated with any environmental hazards located on property assessed with respect to hazards that existed at the time the developer owned the property. With respect to abating environmental hazards that are located on property on which improvements financed with the assessment district are proposed to be located or on any property dedicated to the City, the City and the property owner will reach an accord before the bonds are issued. Where the Phase 1 assessment indicates that there may be an environmental hazard on any of the assessed property, the property owner will be required to abate the problem or to post security for environmental clean up costs prior to the City proceeding with the district. An environmental engineer acceptable to the City shall perform the environmental assessment.

2. The developer must undertake all steps required by the "Habitat Conservation Plan Compliance Report" or other future federal requirements in the project area and other areas owned by the same developer that are used in connection with the project.

C. Development

1. Property Owner Experience: The property owner must demonstrate to the City that it has the expertise to complete the new development that the assessment district will support. In order to demonstrate its ability to develop, the property owner should furnish the City with the following: (a) its last three years prior audited financial statements, (b) a list of prior development of similar or larger size which the property owner has completed, (c) a list of references consisting of the names of officials of other political subdivisions in which the property owner has completed similar or larger size developments, and (d) a description of any financial obligations on which the property owner or a related



party has defaulted in the past ten (10) years, including any non-recourse or assessment financing on property owned by the property owner or a related party with respect to which a payment was not timely made. The City will accept, in place of financial statements stated in (a) above, a comfort letter from a mutually acceptable CPA firm indicating for the past three (3) years: (1) that a minimum level of net worth, acceptable to the City, has been maintained; (2) whether or not there have been any material adverse changes in operations; and, (3) whether or not there have been any exceptions in the accountant's opinion letter on the property owner's financial statements. If this alternative is utilized, the property owner shall also provide such other financial information as the City and its consultant's request.

2. Financing Completion: Equity: The property owner must provide the City with its plan for financing the new development to completion and advise the City of the amount of equity it has invested in the proposed development. Before bonds are issued the property owner must provide evidence of its ability (e.g., a commitment letter) and/or plan to finance the portion of the development expected to be completed in the ensuing 12 months.

3. Land Use: The proposed development must be consistent with the City's Comprehensive Plan. Proper zoning or other required land use approval must have been obtained for the development. The property owner must demonstrate that it reasonably expects to obtain the required development permits (e.g. subdivision recording and building permit) in sufficient time to proceed with the development to completion as proposed.

4. Water, Sewer, and Other Utilities: The property owner must provide "will serve" or similar letters from the entities providing utility (e.g., electricity, gas, telephone) services to the development stating that capacity is then in existence and reserved (or otherwise to be made available) for the portions of the development to be assessed in a sufficient quantity for the development to proceed to completion as proposed. Property owner must provide its plan for obtaining water and sewer for the new development.

5. Other Permits: The property owner must demonstrate that there are no significant permitting requirements (i.e. permitting requirements which could result in substantial delay or alteration in the project as proposed, e.g., wetlands permits, archeological permits, etc.) applicable to the project or other governmental impediments to development which have not yet been satisfied and which are required to be satisfied for the development to proceed to completion as proposed.

6. Absorption Study: The property owner must provide the City with funds with which to have an expert to prepare an absorption study. The City and property owners shall mutually agree upon the expert who is to prepare this study illustrating the economic feasibility of the new development based upon supply and demand trends and estimated conditions in the market area for the proposed product mix. If the appraiser of the real property for the project conducts his or her own absorption analysis, the absorption study may be accepted in lieu of this requirement.

D. Assessment Bonds and Bond Security

1. Primary Security: The primary security for bonds will be the assessment lien on the land proposed to be assessed. A preliminary title report indicating that the petitioners are the owners of all of the assessed property must accompany the petition. The City may also require ALTA title insurance in the amount equal to the bonds in appropriate situations.



2. Reserve Fund: A reserve fund in an amount equal to the lesser of one year's principal and interest on the bonds or 10% of the proceeds of the bonds must be funded at the time bonds are issued.

3. Appraisal Valuation: The property owner must obtain and provide to the City an appraisal of the property which will be assessed which in the case of the appraised value of each parcel to be assessed "as is" (prior to further subdivision and without considering the installation of the improvements) is at least equal to 1.15 times the proposed amount of the assessment against that parcel, and that the value of each parcel to be assessed after the improvements financed with the assessment bonds are installed is at least three (3) times the amount of the proposed amount of the assessment against that parcel. The appraiser must be acceptable to the City.

4. Additional Security: Unless the district is an "acquisition district" as described in paragraph G 1. below for which the developer is providing all construction financing, the property owner must guarantee payment of the bonds. The property owner also must demonstrate to the City that there is not significant financial risk to the City in issuing the bonds. Credit enhancement will be required if security for payment of the assessments is less than would be required by a prudent commercial lender in Nevada for a bank loan of similar magnitude or, at the option of the City, by a prudent institutional investor for an investment of similar magnitude. Credit enhancements may take the form of cash, letters of credit, surety bonds, insurance policies, or other collateral. Letters of credit from a bank with a rating less than A- are not acceptable.

A pro-rata portion of the foregoing additional security will be released with respect to any parcel assessed (1) which has been improved in any manner if the appraised value (as determined by an appraiser acceptable to the City) of the parcel is 5.0 or more times the amount of the unpaid assessment on such parcel, (2) on which a substantial improvement (e.g., a home or commercial building) has been completed if the parcel has a size of one acre or less, or (3) which is subdivided by a final recorded subdivision map to its final configuration of developable lots and for which all required infrastructure (water, sewer, streets, other utilities) has been installed or bonded in accordance with the City of Las Vegas Municipal Code.

5. Payment of Assessments: Capitalized Interest: The assessments shall be payable over not more than 20 years in substantially equal semiannual installments (excluding variable rate bonds with regard to equal payments) commencing within one year of the levy of assessments. If the City approves capitalized interest, it will allow not more than two years of interest or the maximum permitted under federal tax laws, whichever is less, to be capitalized.

6. Floating Rate Bonds: The City will consider applications for floating rate assessment bonds only if those bonds and the assessments underlying those bonds automatically convert to a fixed interest rate at or before the time the initial property owner sells property, regardless of whether the sale is wholesale sale to a merchant builder or a developer or a sale to a potential homeowner. Floating rate bonds must be secured by a letter of credit issued by a bank acceptable to the City.

7. No Pledge of General Fund or Taxing Power: The City will not pledge its general fund or taxing power to bonds.

8. Bond Underwriting Commitment: The property owner must demonstrate to the City and its financial advisor that bonds proposed to be issued for the financing are saleable. The property owner must provide the City with a letter, accompanying the application, from a reputable underwriter or bond



buyer (from the City's list of approved underwriters), which states that the underwriter has completed a due diligence review of the project and underwriter believes that the bonds are marketable at an interest rate acceptable to the property owner based on then prevailing market conditions and that it is willing, subject to reasonable conditions precedent, to contract with the City to underwrite the bonds on a best efforts basis, or that the bond buyer has completed a due diligence review of the project and the property owner and intend to acquire the bonds at an interest rate which the bond buyer and property owner agree is acceptable and that it is willing, to contract with the City to so acquire the bonds.

E. Consultants: The City will permit the property owner to choose the consulting engineers (from the City's list of approved firms) and underwriter (from the City's list of approved firms) provided that the entities chosen are acceptable to the City. The counsel for the underwriters may be selected by the underwriters after consultation with an opportunity to comment by the City. Underwriter's counsel's opinion must include the City as an addressee. The City will select the assessment engineer and project management engineer after receiving comments on its proposed selection from the developer. The City also will select its financial consultants, bond counsel and bond trustee. The payment of all fees and expenses of these consultants (selected by the City) shall be the responsibility of the property owner; however, these consultants will be responsible to, and will act as consultants to, the City in connection with the district.

F. Expenses: The property owner will be required to pay from its funds all of costs of the project prior to the time bonds are issued, including the costs of consulting engineers, assessment engineers, project management engineers, underwriters, the City's financial consultant, the City's bond counsel, the cost of preparing the appraisals, absorption study, environmental review and other matters listed above. These items will be eligible for reimbursement from bond proceeds if the bonds are ultimately issued; however, the property owner must agree to pay these costs even if bonds are not issued. At the time of application, the City will provide an estimate for these expenses in order to enable the developer to more precisely anticipate costs associated with the process.

G. Project Acquisition

1. The City intends to acquire completed improvements after final inspection by the City, an audit by the City assessment engineer and City staff, and acceptance by the City. Under this procedure (an "acquisition district") the City will only acquire discreet complete projects whose cost together with the cost of other complete discreet projects being acquired at the same time is \$500,000 or more.

2. If special circumstances indicate that it would be beneficial to the City to provide progress payments (as demonstrated by the developer and approved by staff and the City Council), the City may expend bond proceeds through a City-established progress payment system on uncompleted projects utilizing a construction payment management system. If this alternative is used, performance and payment bonds from a bonding company acceptable to the City, each in an amount at least equal to 100% of the cost of the project, and otherwise in such form as is approved by the Department of Finance, Public Works, and the City Attorney must be provided to the City and must each indicate that the City is a beneficiary of those bonds. Additional construction security, as determined appropriate by the Department of Finance, Public Works, and City Attorney, may be required.



H. Cost Overruns

1. The property owner must agree to fund all project costs that exceed the amount available from the proceeds of the bonds issued for the project. The City will not commit to issue additional bonds or otherwise provide funding for any such cost overruns.

I. Procedure

1. Pre-Application Meeting: Initially, the property owner shall schedule a meeting with representatives of the Department of Finance and the Department of Public Works to review the proposed improvement project to discuss whether the improvement project is one, which may be eligible for financing under these guidelines.

2. Application: If the property owner decides to proceed after the initial meeting, all owners of record of property in the proposed district must sign a petition for the district and file the petition and an application that contains sufficient information and exhibits to demonstrate that the proposed district will comply with parts A-H of these guidelines. (All persons who hold a lien or encumbrance against the property as of the date of presentation of the petition must sign the petition or a certificate acknowledging that they had received a copy of the petition.) A preliminary title report prepared by a title insurance company licensed in the state that shows the ownership of the property and liens and encumbrances against the property must accompany the petition. Copies of the petition and application must be filed with the office of the Director of Finance and the office of the Director of Public Works.

3. Council Approval: If after an initial review, the City staff believes the application satisfies parts A-H hereof, an item will be placed on the Council's agenda authorizing negotiations with respect to the proposed improvement project. If the Council approves this item, it is anticipated that staff will be authorized to begin negotiating the particulars of the financing with the property owner and other appropriate parties.

4. Security for Costs: Prior to entering negotiations, the property owner must post a letter of credit, surety bond, cash or other acceptable form of security for payment of the costs described in F above in an amount determined by the Director of Finance. The interest on the security will be paid to the developer. The City shall invest such security according to NRS 355 and 356



**LAS VEGAS, NEVADA
ECONOMIC DEVELOPMENT REVENUE BOND
POLICY AND GUIDELINES**

The City of Las Vegas is authorized by the City Economic Development Revenue Bond Law, NRS ' 268.512 to 268.568, to issue and to request that the state issue economic development revenue bonds for the benefit of private entities for the purposes specified in the City Economic Development Revenue Bond Law. Generally, the City will proceed to issue or request issuance of those bonds only in accordance with the following policies and guidelines. (Note: The following pertains only to the issuance of bonds by the City and City requests to issue bonds. These do not relate to private activity bond volume cap. The City's procedure for allocating volume cap is contained in a separate policy statement, the current revision of the **Private Activity Bond Volume Cap Allocation Policy and Guidelines.**)

1. **Application:** The City will not take any steps toward issuing or requesting the issuance of bonds for or to a project until an official application in the form attached hereto (which must be used) for the bonds has been filed with the City's Finance Director. Three copies of the application must be prepared. One copy must be delivered by the applicant to the City's bond counsel, and two copies, accompanied by: (i) a nonrefundable application fee of \$1,000.00 payable to the City of Las Vegas, Nevada, (ii) a \$1,000.00 deposit for fees of City bond counsel payable to City of Las Vegas, Nevada, and (iii) a written commitment to pay any additional expenses of the City or its consultants incurred in connection with processing the application must be filed with the City Finance Director. Any portion of the deposit for fees of City bond counsel that is not used will be returned to the applicant. The application must be in the form of Exhibit A attached hereto and must be accompanied by the following:

- a. Evidence that the project will serve one or more of the purposes set forth in NRS ' 268.524.
- b. Evidence of the amount of money necessary to be provided from the bonds for the project.
- c. A five-year operating history of the Beneficiary of the bonds. (If the 5-year operating history is unavailable, the City Council, on request, may consider waiving that requirement. Nevada Revised Statutes require that the State Board of Finance approve any such waiver).
- d. Evidence that the Bonds will be rated by Moody's Investors Service, Inc. or Standard and Poor's Ratings Group in one of the top four rating categories (i.e., Standard and Poor's: AAA, AA, A, BBB; Moody's: Aaa, Aa, A, Baa).
- e. Evidence (e.g., an annual report, audited financial statements, a feasibility study, etc.) that the Beneficiary has sufficient financial resources to place the project in operation and to continue its operation meeting the obligations of the lease, purchase contract or financing agreement entered into in connection with the bonds. If the bonds are for a housing project, the Beneficiary must provide the City with sufficient funds to retain a feasibility consultant selected by and responsible to the City to report on the feasibility of the project.



- f. If a letter of credit, insurance, or other guarantee is to secure the bonds, the application should be accompanied by a letter from the issuer of the letter of credit or guarantee or its agent committing to issue the letter of credit or guarantee or listing the conditions that must be met before the letter of credit or guarantee is issued, or a letter including the date on which such a letter will be available.
- g. A letter from an underwriter or other proposed buyer of the bonds indicating a commitment to underwrite or purchase the bonds, and in the case of a housing project, certifying that the bonds will not be sold to more than 10 investors, each of whom will certify that she or he has a net worth of \$500,000 or more and is purchasing the bonds for investment and not for resale.
- h. Evidence that all required governmental approvals for the project and the financing of the project has been obtained. All land use and zoning for the project must be in place.

The acceptance of an application by the City does not commit the City to issue bonds or otherwise proceed with the project or its financing.

2. Inducement Resolution: After receipt of an application, the City will consider the adoption of an "inducement" or "reimbursement" resolution (i.e., a resolution intended to qualify as an "official intent" resolution for the purposes of §1.150-2 of the federal income rules governing tax-exempt bonds) if so requested by the beneficiary of a proposed issue of economic development revenue bonds (the "Beneficiary"). Passage of an inducement or reimbursement resolution does not constitute a commitment by the City to issue bonds, to allocate volume cap to a bond issue, to request that any other entity including the State allocate volume cap to a bond issue, or to take any other steps to facilitate the project. Passage of an inducement resolution does not constitute a City endorsement of the project or a finding of the City that the project is feasible or is in compliance with any laws or regulations, including land use, building or other regulations of the City or any other governmental entity. Requests for adoption of an inducement resolution should be delivered to the City Finance Director.

3. Taxable Bonds: The City will consider the issuance of or requesting the issuance of taxable economic development revenue bonds only if the following criteria are met:

- a. A complete application in accordance with Section 2 of this policy and guideline is received.
- b. The taxable bonds are being issued (i) with the expectation that those bonds will be refinanced or refunded with tax-exempt bonds subject to the volume cap, and at the time of issuance of the taxable bonds, it is expected by the City that volume cap in an amount at least equal to the amount of taxable bonds will be available for and, under the criteria of Section 3, will be allocated to the project within the next two calendar years; or (ii) for a project primarily financed with tax exempt bonds in order to pay costs that are not eligible for financing with tax exempt bonds. (e.g., costs of issuance in excess of 2% of the amount of tax-exempt bonds).



4. **Bond Issuance:** The City will not approve the issuance or a bond issue if the proceeds of the bonds are to be "escrowed" (or held under a similar arrangement) pending the resolution of an impediment to the expenditure of proceeds (e.g., a requirement that credit support be obtained or some other substantial condition be satisfied before the proceeds of the bonds can be applied to the project).

5. **Procedural Matters**

6. **Documents:** For the purpose of this guideline, instruments executed by the City, or any of its officials, are separated into three categories:

- a. Resolutions adopted by the City Council (herein "Resolutions"),
- b. Indentures, Agreements, Contracts, Bonds, and other instruments which bind the City, the form of which is approved in any Resolution (herein "Agreements"), and Certificates, Opinions and other closing documents that are not included in ("Other Documents"). The following procedures apply with respect to the review, distribution and execution of these types of instruments.

Resolutions: At least 3 weeks prior to the meeting of the City Council at which the Resolution will be considered, one draft copy of the Resolution **must be delivered to each of the following for review and comment:**

- (1) City Director of Finance
City Treasurer
City Attorney
City's Financial Consultant
City's Bond Counsel

A final copy of each Resolution, suitable for adoption by the Board, must be distributed 2 weeks prior to the meeting of the Board at which the Resolution will be considered to:

the parties listed in (1) above, and
the City Clerk

Six (6) execution copies of each Resolution must be delivered to the City Clerk by 8:30a.m. on the date the Resolution is to be considered by the Board. (One signed execution copy will be retained by the City Council; the remaining five (5) signed copies will be brought to the pre-closing by a representative of the City.)

Agreements: At least 3 weeks before the meeting at which a Resolution approving one or more Agreements is considered, one draft copy of those Agreements must be delivered to the following for review and comment:

the parties listed in (1) above.



At least 2 business days before the meeting at which a Resolution approving one or more Agreements is considered, the substantially final form of the Agreements must be delivered to:

the parties listed in (1) above, and
the City Clerk (for filing).

No substantial changes are permitted after this filing except that a filing of substitute pages to provide information unknown at the date of filing (e.g. interest rates) may be made by delivery of substitute pages to the City Clerk's office by 8:30 a.m. on the date of consideration of the Resolution.

Six copies of the signature pages of each Agreement attached to a single copy of the final form of the Agreement should be delivered to the City's Treasurer at least 10 days prior to the pre-closing. A representative of the City will bring signed copies of these pages to the pre-closing.

7. Other Documents: At least two weeks before the pre-closing, all Other Documents which are to be signed by City or any of its officers must be delivered to the following for review and comment:

The parties listed in (1) above.

Six copies of the signature pages of each Other Document attached to a single copy of the final form of each Other Document should be delivered to the City Treasurer at least 10 days prior to the pre-closing. A representative of the City will bring signed copies of these pages to the pre-closing.

Transcripts. At the bond closing, a complete final transcript of proceedings for the bond issue shall be provided by the Beneficiary to:

the City Clerk;
City Treasurer
City's financial consultant; and
City's bond counsel.

The transcript provided to the City Clerk must contain original documents with original signatures; the other transcripts can be copies or originals.

Opinions: All opinions, certificates and reports which are delivered in connection with the issuance of the bonds by attorneys for any of the parties or others (including bond counsel, underwriter's counsel, company counsel, trustee's counsel, or any other attorney or any accountants or consultants) must include the City as an addressee who can rely on the opinion, certificate or report.



Rule 15c2-12: The City will not be responsible for compliance with Rule 15c2-12 of the Securities Exchange Commission or any amendment thereto (the "Rule") and will neither deem official statements or offering circulars to be "final" nor undertake to make any secondary market disclosures pursuant to the Rule. Compliance with the Rule in both disclosure for the initial offering and secondary market disclosure is the responsibility of the Beneficiary of the financing. The financing documents must state that the City does not have nor does it assume responsibility for the primary offering documents, for

compliance with the secondary market disclosure requirements or for monitoring compliance with those requirements by the Beneficiary or any "obligated person" within the meaning of the Rule.

Location of Closings: All closings shall be held in the City unless, for good cause shown, the City Director of Finance approves closing at a different location.

8. Fees: At the time of closing of an issue of economic development revenue bonds that are issued by the City, the Beneficiary is required to pay the City's economic development revenue bond fee of the lesser of 1/10 of 1% of the principal amount of the bonds, or \$50,000 per issue or series of bonds. In addition, the Beneficiary shall be responsible for the fees and expenses of the City's financial consultant and the City's bond counsel. The Beneficiary shall be responsible for the application fee described in 2 above and the fees and expenses of the City's financial consultant and the City's bond counsel regardless of whether or not bonds are issued; however, the City's economic development revenue bond fee described in the immediately preceding paragraph shall be due and payable only if bonds are issued. Any fee imposed by the State for a transfer of volume cap must be paid by the Beneficiary at the earlier of the time required by the State or at the closing for the bonds.

9. Waivers: The City may waive any of the requirements of these guidelines, which are not otherwise required by law, on application to the City finance Director accompanied by an explanation of the reasons for the waiver. Waivers will be granted only in unusual or extraordinary circumstances, which should be described in the application for a waiver. If the City Finance Director believes the reasons are sufficient, the request shall be forwarded to the City Council.



EXHIBIT A

**APPLICATION FOR CITY OF LAS VEGAS, NEVADA ECONOMIC
DEVELOPMENT REVENUE BONDS**

Beneficiary Information: Name: _____
Address: _____

Telephone: _____
Fax: _____
Contact Person: _____

Proposed Bond Counsel Name, Address,
and Telephone: _____

Name, address, telephone and fax for
proposed underwriter: _____

Brief Description of Project. Include address or other description of location, type of project (e.g., "multi-family housing", "manufacturing facility"), size of Project and other brief description of Project. If Project is multi-family housing, specify what percent of the units will be set-aside for individuals of low income:

Amount of Bonds proposed to be issued: \$ _____;

Amount of Bonds proposed to be issued: \$ _____;

Please provide below or in an attachment, evidence that the Project will serve one or more of the purposes set forth in NRS 268.524:

Please attach evidence (e.g., Project budget, construction contract) of the amount of money necessary to be provided from bonds for the Project.

Does the Beneficiary or guarantor of the Bonds have a 5-year operating history? _____. If "yes", please attach the 5-year operating history. If "no", State Board of Finance approval is required before bonds can be issued.



What rating do you anticipate all of the bonds will have (the City will only issue or request the issuance of bonds that are investment grade -- i.e., rated in the top four rating categories by Standard & Poor's or Moody's):_____. Is the rating based on the general credit of the Beneficiary?_____. If yes, does the Beneficiary currently have debt obligations outstanding secured by its credit, which are rated? _____. What is the rating?_____. It is anticipated that the Bonds will be rated based on the credit rating of an enterprise which guarantees the payment of principal and interest on the Bonds, please provide the name, address and telephone number of a contact person at that enterprise: _____, _____ Telephone:_____. Does that enterprise have outstanding obligations that are rated? _____. If "yes", what is that rating? _____.

Evidence (e.g., rating letters or press releases from, or excerpts from ratings books published by Standard & Poor's or Moody's) of the rating of the Beneficiary or other enterprise which will guarantee the payment of principal and interest on the Bonds should be attached to application if available; otherwise, attach a letter stating when the rating would be available. If rated by more than one agency, please attach a copy of rating materials from both agencies.

Please attach evidence (e.g., annual reports, audited financial statements, a feasibility study, commitment for a Letter of Credit, etc.) that the Beneficiary has sufficient financial resources to place the Project in operation and to continue its operation, meeting its obligations to pay the Bonds. For housing projects that will be financed with bonds issued by the City or with bonds that the City requests that the State issue, the Beneficiary must agree to provide the City with monies for the City to fund a feasibility study. If a Letter of Credit or other guarantee is to secure the Bonds, a commitment letter or a letter from the institution that will issue the letter of credit or guarantee the bonds which lists the conditions which must be met before the letter of credit or guarantee is issued should accompany the application; otherwise, attach a letter stating when the commitment letter will be available.

Please attach a letter from the underwriter or other proposed buyer of the Bonds indicating a commitment to underwrite or purchase the Bonds.

Are all necessary zoning and land use approvals for the project in place? _____. Are there any impediments to obtaining a building permit to commence construction of the Project? _____. If "yes", please explain. _____

_____. Evidence (e.g., copies of permits and zoning approval resolutions) that all required governmental land use approvals (including any zoning or special use permit approvals) for the Project must be attached.

Is the Project located outside the City of Las Vegas? _____. If "yes" please attach evidence that the governing body of the jurisdiction in which the project is located supports the project.

Briefly state the impact of the Project on the City's tax base.

Provide a brief description of the benefit to the City and its citizens from the Project.



Please provide a brief description of the effect of the Project on the City's environment and natural resources:

Enclosed are a non-refundable application fee of \$1,000 payable to City of Las Vegas, Nevada, and a \$1,000 deposit of fees for City Bond Counsel, payable to the City of Las Vegas, Nevada. The undersigned hereby commits to pay any additional expenses of the City and its consultants incurred in connection with processing the application.

The undersigned has reviewed the procedural requirements of the City's guidelines in Section 6 hereof and will furnish a copy of those requirements to all attorneys, accountants and consultants involved in the transaction. The undersigned hereby certifies that he or she has reviewed the foregoing application and the City's economic development revenue bond and volume cap policy and guidelines and to the best knowledge of the undersigned, this application complies with the requirements of those guidelines.

Dated this _____, _____

Beneficiary

By: _____

Title: _____

Filename: Debt Mgt Policy FINAL 08.doc
Directory: F:\depot\Treasury\DEBT\Debt Management Policy\2008
Template: P:\template\Normal.dot
Title: CITY OF LAS VEGAS, NEVADA
Subject:
Author: Susan Maini
Keywords:
Comments:
Creation Date: 7/29/2008 5:02:00 AM
Change Number: 5
Last Saved On: 8/6/2008 2:34:00 PM
Last Saved By: twagner
Total Editing Time: 7 Minutes
Last Printed On: 8/6/2008 4:10:00 PM
As of Last Complete Printing
Number of Pages: 50
Number of Words: 15,633 (approx.)
Number of Characters: 89,112 (approx.)